6/0/85 B0200-2

World Financial Markets

Morgan Guaranty Trust Company of New York

May 1985

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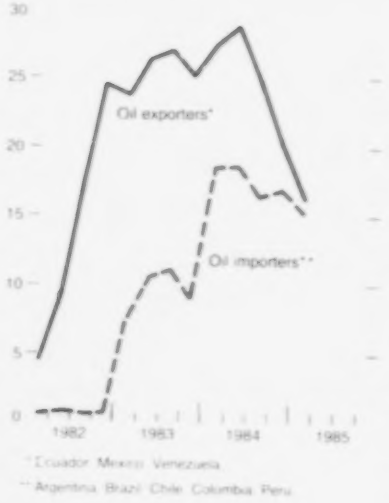
Chart 1

Trade balances of Latin America's major borrowers

billions of dollars, s.a.a.r.

estimated balance of payments basis



*Ecuador, Mexico, Venezuela

**Argentina, Brazil, Chile, Columbia, Peru

Latin America's trade policies

Latin America achieved impressive gains on trade and current accounts during 1983 and 1984. These stemmed from domestic retrenchment that held down imports and an upsurge in industrial-country demand for Latin America's exports. Imports of the eight largest external borrowers were down from pre-debt crisis levels an average 45% in 1983 and were not much higher in 1984 as a whole. Of the increase in their exports to industrial countries since the onset of the debt crisis, the United States accounted for 85% through second-half 1984. More recently, U.S. economic expansion has slowed. Japan and Europe have not taken up the slack. Thus, domestic demand in Europe stagnated this past winter.

Partly as a result, Latin America's trade surpluses — which aggregated $40 billion in 1984 for the eight largest debtors — have now begun to decline. Seasonally adjusted data show that the surpluses actually peaked a full 12 months ago (see Chart 1). All four of the major debtors have shared the shrinkage (see Table 1). Most have managed some recovery of domestic economic activity, in some cases with an attendant pickup in imports. That was to be expected and is quite welcome. Still, export trends are disquieting. Argentina's exports are down 13% from a year ago in dollar terms, Brazil's 6%, and Mexico's 11% (see Table 2). Mexico's non-oil exports alone are down 16%. Venezuela's export earnings also have slid from first-half 1984 levels, and in all probability are headed further downward this year. Should these trends persist, the region's potential new money needs — whether from commercial banks, suppliers, or bilateral and multilateral official agencies — or its reserve usage could well exceed what seemed probable just a few months ago.

Latin America has often blamed its balance of payments troubles on adverse external conditions, especially on high interest rates and on unfavorable prices and low world demand for its exports. External conditions have indeed been difficult in the past, but are far more supportive today. For example, the four-percentage-point decline in LIBOR since last summer — it is now at a seven-year low — affords substantial relief to the current account balances of the debtor countries (see Table 3). Moreover, OECD economic growth, which approached 5% in 1984, should be about 3%

Table 1

Trade balances

on an estimated balance of payments basis billions of dollars at seasonally adjusted annual rates

	1981	1984	1985 year to date*
Argentina	0.71	4.30	3.44
Brazil	1.20	13.07	10.50
Chile	—2.68	0.29	0.42
Colombia	—1.54	—0.72	—0.38
Ecuador	0.18	0.91	1.25
Mexico	—4.51	12.80	8.42
Peru	—0.55	0.80	1.09
Venezuela	7.84	8.37	6.82

*Jan-Apr: Brazil
Jan-Mar: Argentina, Chile, Ecuador, Mexico
1984 Nov-1985 Jan: Peru
1984 Oct-Dec: Venezuela
1984 Sep-Nov: Colombia.

Table 2

Export and import growth

on an estimated balance of payments basis percent changes in dollar terms from same period one year earlier

	1985 year to date*	
	Exports	Imports
Argentina	—13.4	11.0
Brazil	—6.0	—0.1
Chile	—5.3	0.8
Colombia	14.5	—12.9
Ecuador	19.6	—11.3
Mexico	—11.1	38.9
Peru	3.3	—24.1
Venezuela	5.4	16.5

*Jan-Apr: Brazil
Jan-Mar: Argentina, Chile, Ecuador, Mexico
1984 Nov-1985 Jan: Peru
1984 Oct-Dec: Venezuela
1984 Sep-Nov: Colombia.

this year, and could hover around the same pace in the years ahead — a fair approximation of the sustained noninflationary growth to which the summit leaders renewed their commitment in Bonn this month. In such a noninflationary environment, no boom in oil or other commodity prices looms on any near-term horizon. Indeed, the price weaknesses they have displayed this past year or so may last for some time to come. For developing countries in general, however, there appears reasonable scope for growth in manufactures exports.

Amid these moderately supportive external conditions, the challenge for Latin America is to strengthen its prospects for economic growth and employment at home by more effectively exploiting the opportunities available in the world marketplace.

Hitherto, Latin America has not done well in an increasingly competitive world. Whereas the main newly industrializing countries (NICs) of Asia have boosted their exports to the crucial U.S. market by 10% during the past 12 months, Latin America's U.S. sales show virtually no increase (see Chart 2).

Evidently, Latin America needs to create efficient and dynamic export sectors, fully competitive in the world market and spanning both traditional and nontraditional products. Success requires profound and long-overdue reforms in Latin America's domestic and trade policies. On the domestic front, the overriding need is to arrest and turn back the drift toward very high inflation (see Table 4). The inflation malady deters investment at home — the foundation of economic progress — and encourages capital flight abroad, a prime cause of the region's financial woes.

As for trade policies, the focus of this article, several countries have allowed their currencies to suffer major erosion of competitiveness in real terms. The region still displays its traditional ambivalence toward the role of external trade and foreign investment in economic development. Trade liberalization is approached with trepidation at best, notwithstanding the evidence that the existing pervasive protection contributes to inflation, perpetuates domestic inefficiency, and penalizes the export sector. Suspicion toward foreign direct investment deters the inflow not only of capital but also of technology and marketing know-how that could make a significant contribution to economic growth.

Yet Latin America's own record shows that outward-oriented trade policies, steadfastly applied, pay off in terms of boosting the region's employment and economic growth. This conclusion is reinforced by Asia's many examples of successful trade policies. The key ingredients are consistently competitive exchange rates that provide profit incentive; macroeconomic policies that curb inflation; and trade liberalization that limits quantitative controls, tariffs, taxes, and subsidies in order to derive the greatest benefit from national comparative advantage. Such market-oriented policies would not be without cost to particular and well-entrenched interest groups in Latin America, but could yield handsome and widespread economic returns for the region, as for other developing nations. The alternative is economic stagnation, still higher inflation, and prolonged financial difficulty.

Economic growth and exports: Latin America and Asia compared

For two decades Latin America's economic growth has lagged well behind that of several developing countries in East and Southeast Asia. The gap widened following the

Table 3

Current account balances

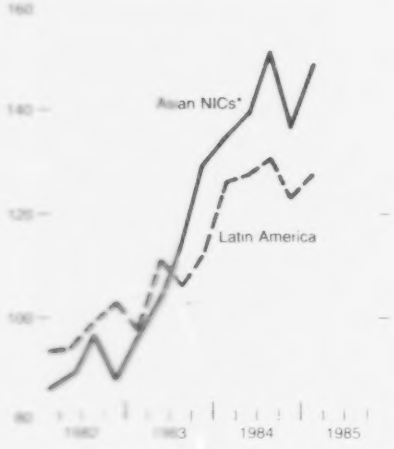
billions of dollars

	1981	1984	1985
Argentina	—4.7	—2.6	—2.5
Brazil	—11.7	0.2	—3.6
Chile	—4.7	—2.1	—1.6
Colombia	—1.9	—2.2	—1.5
Ecuador	—1.0	—0.2	—0.3
Mexico	—12.5	4.0	1.1
Peru	—1.7	—0.3	—0.5
Venezuela	4.0	4.2	2.1

Chart 2

Exports to the United States

billions of dollars, s.a.a.r.



*Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore and Taiwan.

Table 4

Consumer prices

percent changes, annual rates

	1982-83	1984	Latest 3 months vs. previous 3 months
Argentina	302	688	1000
Brazil	145	224	263
Chile	22	23	30
Colombia	20	18	34
Ecuador	38	25	43
Mexico	90	59	82
Peru	96	112	177
Venezuela	7	18	12

first oil shock, when seven of the eight Asian nations shown in Table 5 enjoyed faster output growth than any of the eight Latin American nations.

Why did Latin America fall behind in economic growth? The answer lies principally in political, administrative, and institutional obstacles to performance — mostly homegrown. They are manifest both in enfeebled private sectors and, more conspicuously, in subpar export performance since the first oil shock. Asian export performance has been far superior. Among the eight Asian developing countries, only the Philippines experienced export growth below that in world trade as a whole (see Table 6). By contrast, among major Latin American nations, only Brazil, Ecuador, and Mexico saw export growth exceed the world average and even their records fell well short of the typical Asian achievement. Moreover, the relative success of Ecuador and Mexico stemmed mainly from the development of exportable oil resources.

Latin Americans tend to ascribe the slower growth in their exports and output to three external factors: dependence on particular trade partners; dependence on particular products; and protectionism in industrial-country markets. In fact, Latin America's export patterns are not exceptional. In 1983 the Asian countries sent 63% of their exports to industrial countries, close to the 66% average for the eight Latin American nations (see Table 7). The United States is the most important single market for both groups. For the Asian group, Japan ranks second, whereas Latin America is oriented more toward Europe. Another difference in export patterns concerns intraregional markets: 25% of the exports of the eight Asian nations went to other developing countries in Asia, while 15% of Latin American exports went to other Latin American nations. The intraregional market for Latin America has been less dynamic than that of Asia. Still, the differences in market orientation do little to explain the differences in overall export performance.

The composition of trade may explain somewhat more. For example, in non-oil commodity sectors, the region has been hurt by factors beyond its control. World market demands have grown slowly. Real prices, especially for sugar and copper, remain conspicuously weak when compared with the booms of 1972-74 and 1978-79 (see Chart 3). Strongly downward long-term trends in real prices are more clear-cut for copper, somewhat less so for iron ore and corn. Among other commodities of interest to Latin America, soybeans, wheat, and beef show mild downward price trends in real terms. In several cases price trends reflect not only demand softness — due to slower economic growth, less intensive use in production, or substitution by rival products — but also large expansions of global capacity and production during the second half of the 1970s, partly in response to earlier high prices. Beyond these global trends, Latin America's relative export performance in non-oil commodities has been mixed. Table 8 shows that Latin American producers have lost market share in five of nine principal non-oil commodities during the past decade.

The greater disappointment in Latin American export performance concerns manufactures. These accounted on average for only 16% of total exports for the eight major Latin American nations from 1980 to 1982, compared with 54% of exports for the eight Asian nations (see Table 9). On a global scale, manufactures trade has expanded faster than commodities in recent decades, and with more stable real

Table 5

Real GDP growth

percent per annum

	1964-73	1974-84	1984
Industrial countries	4.9	2.4	4.8
Latin America			
Argentina	4.0	0.8	2.0
Brazil	7.4	4.5	4.5
Chile	2.9	1.7	5.6
Colombia	5.2	3.8	2.5
Ecuador	9.5	4.5	2.2
Mexico	7.4	4.7	3.5
Peru	5.1	1.3	4.7
Venezuela	5.2	2.1	—1.7
Asia			
Hong Kong	8.2*	8.1	9.0
Indonesia	11.8	6.5	4.6
Korea	10.8	7.5	7.5
Malaysia	7.1	7.2	7.3
Philippines	5.3	4.1	—5.5
Singapore	11.9	7.9	8.5
Taiwan	11.0	7.7	10.9
Thailand	7.6	6.6	6.0

*1967-73.

Table 6

Export growth

percent per annum, dollar terms

	1964-73	1974-84	1984
World	14.0	11.9	9.0
Latin America			
Argentina	9.1	8.6	3.7
Brazil	16.0	14.3	23.3
Chile	9.0	10.4	—4.6
Colombia	7.9	10.7	19.9
Ecuador	16.0	14.4	5.3
Mexico	8.8	23.4	7.8
Peru	7.2	9.9	4.4
Venezuela	7.3	11.8	7.8
Asia			
Hong Kong	19.2	16.9	28.1
Indonesia	16.5	19.8	10.8
Korea	43.5	21.6	13.3
Malaysia	10.8	16.6	17.3
Philippines	11.2	9.8	7.9
Singapore	12.4	18.8	10.9
Taiwan	29.4	19.2	20.6
Thailand	13.0	15.2	16.3

prices. Thus, concentration in manufactures gave a boost to Asia's export performance. However, when oil prices boomed during the 1970s, Latin America's greater resources and development of fuel exports (44% of total exports, against 21% for the eight Asian nations) should have been a similar plus.

While the share of manufactures in total Latin American exports increased five percentage points during the 1970s, to reach 16% on average from 1980 to 1982, the increase was due almost entirely to Brazil, where the manufactures share reached 34%. Comparing Asia and Latin America, it can be seen that Asian nations achieved six of the nine highest rates of growth in manufactures exports, in excess of 30% per annum. Malaysia, the Philippines, and Thailand had relatively low shares of manufactures in their total exports at the start of the 1970s. More recently, they have come to derive a greater share of export earnings from manufactures than do most Latin American nations, thanks to more consistent and supportive macroeconomic and exchange rate policies than were pursued in Latin America during that decade. Because their natural resource endowments have similarities to those of Latin America, these three Asian nations provide some guide to what should be possible for Latin America. Indeed, had manufactures exports of the eight Latin American nations grown as quickly as those of these three Asian nations, the proceeds would have added nearly 20% to total merchandise export earnings by 1982.

Protectionism in industrial-country markets is the third frequently cited external explanation for Latin America's poor export performance. Proliferating nontariff barriers are particularly blamed However, only narrow groups of agricultural commodities and manufactures are critically affected. According to a recent IMF study, Argentina's agricultural exports could increase up to 12% in value if industrial countries were to eliminate all tariff and nontariff barriers affecting meat, cereals, and sugar; for Mexico and Brazil the corresponding increases would be less than 3%. If all barriers to trade in textiles, clothing, footwear, and iron and steel also were removed, manufactures export earnings could rise 4% for Argentina and 13% for Mexico. The effect on the value of total exports would be greatest for Argentina. Yet, at only 7%, this would be less than one-quarter of the shortfall of earnings below what Argentina's exports could have been by now had they kept pace with world trade since the first oil shock.

The IMF study found the burden of protection to weigh far more heavily on Asian producers than on Latin America. Indeed, Latin America does not generally exhaust its quota allotments under the Multi-Fiber Agreement covering textiles and clothing. Besides, industrial-country protectionism, even if on the increase, did not inhibit emergence during the 1970s of a second tier of significant LDC exporters: Malaysia, the Philippines, Thailand, and — for a time — Colombia managed to increase manufactures exports rapidly in much the same sectors that several larger Asian and Latin American NICs had penetrated in the 1960s. Furthermore, Korea has continued to rely successfully on export development, depite protectionist barriers. In all, Latin America's weak export performance cannot be blamed on protectionism in industrial-country markets.

Inconstant postwar trade policies

Since external factors fail to account for any great portion of Latin

Table 7

Export orientation in 1983

shares in percent

	Exports of	
	*Eight Latin American countries**	*Eight Asian countries***
Industrial countries	66	63
United States	33	27
Europe	24	13
Japan	6	17
Latin America	15	2
Developing Asia	3	25
Other	16	10
	100	100

*Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru, Venezuela.

**Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand.

America's disappointing export record, the explanation must be sought in the region's erratic approach to international trade. Prior to World War I, trade and foreign investment were vital to Latin America's development. However, the disruption of trade and capital flows during the war, and again during the 1930s and early 1940s, encouraged local industries beyond those in simple food-processing and construction operations that had sprouted in the nineteenth century behind the natural protection afforded by high shipping costs. These new import-substitution industries, mainly in consumer goods, showed that Latin America did not have to depend exclusively on exports of primary commodities for jobs and income.

Reinforced by pessimistic views of the long-term export outlook for minerals and agriculture, intellectual and policymaking circles came to hold that industrialization, even if dependent on protection, was the means to economic progress. Thus, the postwar normalization of commercial and, eventually, of financial flows in much of the free world did not revive free-trade policies in Latin America. Rather, the late 1940s and 1950s witnessed booming investment in Latin American industries manufacturing consumer durables, intermediate products and, particularly in Brazil, capital goods — all for captive domestic markets. Protection prompted foreign direct investors to establish or expand local operations.

By the early 1960s, the boom petered out. Local markets provided limited scope for additional import substitution. Instead of attempting a renewed opening to world markets, the idea of regional economic integration took hold. Negotiated multilateral reduction of barriers to trade within Latin America, coupled with assured, uniform, and high protection against imports from outside the area, aimed to give each country an opportunity to expand the market for at least one subsector of its industry. Up to a point, regional integration worked as intended: during the 1960s, intra-Latin American trade grew rapidly, particularly among blocks of Central American, Caribbean, and South American countries. Fresh life was breathed into at least a few industries. But the benefits were limited by the more general reluctance of countries to open their doors to regional competitors if their own, higher-cost producers would be driven out of business or suffer reduced profits.

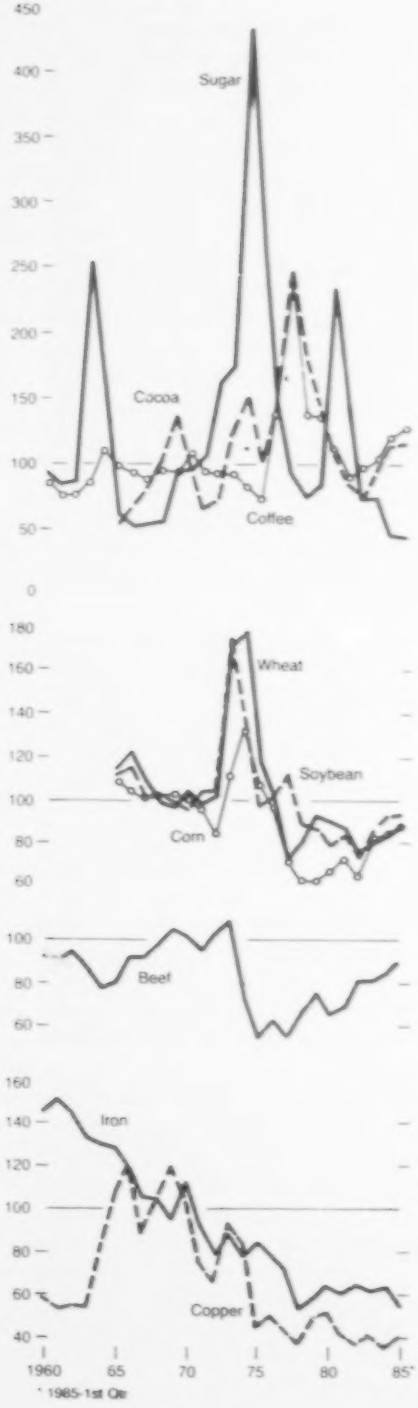
The failure of regional integration to provide strong, lasting incentives to industrial growth and export promotion led virtually every country, sooner or later, to attempt reform of trade policies. There were, to generalize, two types of reform in Latin America: one took place in the second half of the 1960s and another in the second half of the 1970s. In the first, import tariff reductions tended to be substantial but targeted, while export measures were generous but equally selective. The main purpose was to diversify exports away from traditional commodities and semiprocessed goods. In the second, import protection tended to be reduced across the board, while export promotion encompassed traditional as well as nontraditional products. Initially, trade liberalization was intended to improve resource allocation, export performance, and economic growth; later, it was used also for anti-inflation objectives in conjunction with other stabilization policies.

The first type of reform may be illustrated by Brazil's initiatives in 1968-73. To promote exports of manufactures, which accounted for a mere 7% of total exports in 1967, exemptions were granted from many indirect taxes; corporate income taxation was reduced by the share of exports in total sales; a drawback

Chart 3

Commodity prices in real terms

nominal prices deflated by manufactures prices in industrial countries
annual averages
index numbers 1969-71 = 100



system was established to waive import duties; nontariff barriers were lifted for companies committing to specific, long-term export targets; and an export tax credit was introduced. Besides tax incentives, exporting companies were given access to concessional credit. Other measures favored processed agricultural exports, such as soybean and cocoa products, and yarn and cloth. Most important, exchange rate policy was supportive: starting in 1968, the currency was devalued frequently in line with domestic inflation. Nevertheless, there was no steady, generalized reduction in tariff and nontariff barriers, nor in the overall anti-export bias facing industry. Incentives for import substitution remained virtually intact.

Colombia promoted nontraditional exports (that is, all exports other than coffee, petroleum, and raw hides) on a coordinated and widespread basis starting in 1967-68. At the time, nontraditional goods were less than one-fourth of total exports. The main new incentives for exporters were tax credits for nontraditional exports, replacing an exemption of export profits from corporate income taxation which had benefited only large companies; a plan that freed exporters from import licensing, advance import deposits, and customs duties; and subsidized credit to be repaid mainly from eventual export proceeds. These measures were accompanied, as in Brazil, by frequent devaluations of the currency, mainly to offset inflation. The structure of protection, designed to substitute for agricultural imports as much as for manufactures imports, was not altered significantly. However, the level of protection was reduced by relaxing nontariff barriers.

Mexico enacted legislation to promote exports of manufactures in early 1971. It introduced federal tax rebates to offset the impact of indirect taxes on production costs; a duty-free import regime for inputs; and wider access to concessional bank credit to finance both export operations and new investments in export-oriented industry. Another initiative formalized the special treatment accorded assembly industries, which had been allowed to operate since the mid-1960s within a 20-kilometer strip along the U.S. border. These plants could import equipment and components duty-free, provided that all of their output was exported. The new legislation broadened their scope by exempting most from the requirement of majority Mexican ownership, and by allowing their establishment virtually anywhere in the country. The reforms, however, were not accompanied by any general reduction of stiff barriers to imports before the late 1970s. Moreover, exchange rate policy was counterproductive because a fixed and overvalued dollar parity was maintained until 1976.

Argentina and Chile provide examples of the second and quite different type of trade policy reforms carried out in the mid-1970s. These reforms sought to stimulate all exports and to reduce existing protection by enough that the availability of imports would help contain domestic price increases of most tradable goods. Argentina already exercised the usual instruments of export promotion, such as import duty drawbacks, refunds of domestic taxes, concessional financing, and preferential procedures for imports used in export production. Argentina's new reforms eliminated or sharply reduced taxes on agricultural exports, while lowering tariff and nontariff import barriers such as prohibitions, advance deposits, and licenses. Accelerated tariff reductions were targeted at industries exhibiting above-average price increases. In Chile, where no export taxes were levied, trade liberaliza-

Table 8

Latin America's share of world exports of major commodities

percent

	1974-78	1979-83
Beef	16.9	15.6
Cocoa beans	20.5	18.5
Coffee	55.5	58.1
Copper	25.5	31.4
Corn	10.1	8.5
Crude oil	9.9	13.8
*Iron ore concentrates**	28.9	33.0**
Soybeans	16.9	13.7
Sugar	48.2	44.2
Wheat	4.2	5.5

*Excludes Eastern Europe, the Soviet Union, and China.
**1979-82.

Table 9

*Manufactures exports**

data exclude processed metals

	Share of total exports, %		Growth in dollar values, % per annum
	1970-72	1980-82	
Latin America	11	16	25
Argentina	14	19	20
Brazil	14	34	32
Chile	4	9	23
Colombia	14	23	22
Ecuador	2	3	31
Mexico	32	9	14
Peru	1	15	42
Venezuela	1	1	22
Asia	48	54	27
Hong Kong	93	91	21
Indonesia	2	3	42
Korea	78	81	33
Malaysia	8	20	35
Philippines	7	22	32
Singapore	34	42	30
Taiwan	78	92	28
Thailand	9	25	37

*Standard international trade classification categories 5-8 less subcategories 67 and 68.

tion starting in 1975 reduced and simplified import tariffs, achieving a uniform rate of 10% by mid-1979 except for certain automobiles. In their initial years, while these reforms were being made, frequent devaluations kept the respective currencies quite competitive. Later on, devaluations lagged significantly in Argentina and stopped altogether in Chile. The authorities sought to exploit the potential competitive pressure of large-scale imports to reduce domestic inflation faster than by fiscal, monetary, and wage policies alone.

All these experiments, even those with just partly outward-looking trade policies, were a success at first. Exports in general, and of manufactures in particular, increased rapidly and substantially. Brazil, Colombia, and Mexico, which aimed to diversify, achieved unprecedented gains in manufactures exports: annual average growth rates, measured in constant dollars, reached 39% in Brazil and 35% in Colombia and Mexico (see Table 10). Mexico's export earnings from assembly industries rose even faster. In Argentina and Chile, where overall export growth was the primary goal, manufactures exports nevertheless performed well, increasing by 21% per annum in Argentina and 35% in Chile.

Even though actual liberalization was of limited scope, these and other Latin American experiments with export-oriented economic development in the 1960s and 1970s were short-lived. They lasted three years in Argentina and Mexico, four years in Chile, and six to seven years in Brazil and Colombia. In no case was their end declared openly by the formal cancellation of programs, but their effectiveness was eroded by subsequent upheavals in macroeconomic policies and external conditions.

Export-oriented strategies were usually adopted in conjunction with stabilization programs. The sacrifices required for stabilization tended to obscure the underlying benefits of trade liberalization for economic growth. Besides, export promotion could involve significant loss of tax revenues and increased credit demands, features at odds with stabilization imperatives. Where stabilizations were ineffective and exchange rates inappropriate, trade liberalization allowed easy spillover of excess domestic demand into imports, provoking balance of payments pressures that doomed continued liberalization. Rapid commodity price inflation after the first oil shock discouraged export promotion. For example, in Colombia there was the coffee boom and, in Mexico, the oil boom. In Brazil, the huge rise in oil import costs resulting from the price shocks of the 1970s heightened the appeal of import substitution in preference to trade liberalization. Amid ample foreign exchange resources, and with the availability of large-scale financing from foreign banks, maintenance of competitive exchange rates no longer appeared necessary.

Failure to avoid currency overvaluation typified the weakened commitment to export promotion and diversification. Overvaluation afflicted Colombia after 1975, Mexico in 1974-76 and again in 1979-81, Argentina in 1979-81, and Chile in 1980-82. Overvalued exchange rates put local industries at a disadvantage in export markets and subjected them to stiff competition from cheapened imports. The gains from trade liberalization were swamped, giving outward-looking policies a bad name. Still, whenever export promotion and trade liberalization were tried, no matter in how limited a way, the results were uniformly favorable so long as exchange rates and macroeconomic policies played, if not a constructive, then at least

Table 10

Effects of manufactures exports promotion

data exclude processed metals

	$ millions	As % of total exports	Average annual % change, constant $*
Argentina			
1975	700	23.6	
1978	1,469	23.0	20.6
Brazil			
1967	115	7.0	
1973	1,106	17.6	38.8
Chile			
1975	136	8.2	
1979	591	15.7	34.0
Colombia			
1967	39	7.7	
1974	377	26.6	34.9
*Mexico***			
1970	361	30.0	
1973	1,074	40.8	34.6

*Exports in current dollars deflated by U.S. wholesale prices.

**Excludes earnings from assembly industries.

not a destructive role. It is no coincidence that Brazil, the only major country in Latin America that avoided prolonged currency overvaluation during the 1970s, is also the only country to have diversified its exports steadily and significantly away from primary commodities: the share of manufactures in overall Brazilian exports rose from 7% in 1967 to 35% in 1983-84 — currently the highest in the region.

Trade policies since the debt crisis

The debt crisis that hit Latin America in 1982 was far more severe, and more general, than any external payments difficulties the region had faced since the Great Depression. Trade liberalization was quickly put on the back burner as governments struggled to cope with the crisis. The only positive development, from the standpoint of trade policy, was the series of currency devaluations in response to current account and capital flight pressures. This was beneficial to export sectors, but it also was accompanied by a tightening of import controls. Indeed, in 1983 it was import repression that accounted for much of the reduction in current account deficits. Since then the external environment facing the major Latin American borrowers has been considerably improved by the economic recovery in industrial countries and, more recently, by the fall in dollar interest rates. However, while many Latin American countries have effected improvements in at least some aspects of their trade policies, there has often been backsliding as well. And for several countries, exchange rate competitiveness is once again seriously impaired.

Argentina imposed stringent exchange and trade controls in early 1982 upon the outbreak of hostilities in the South Atlantic. While the controls were later partly relaxed, renewed deterioration of the balance of payments in the last months of 1983 resulted in fresh controls. Acute and unresolved economic problems have deterred the present government from significant trade and payments liberalization. Imports are either prohibited, subject to prior approval, or subject to automatic licenses made available with some delay — this last category encompassing a large proportion of imports. As for exports, nontraditional products continue to benefit from fiscal and credit incentives. However, agricultural sales are once again being taxed heavily for fiscal reasons. Wheat, corn, and soybean exports, which were taxed little or not at all in the late 1970s, became subject to taxes of 10% in 1981, 25% in 1982-83, and are currently taxed at rates of 18%, 21%, and 25%, respectively. These taxes offset much of the gain in profitability derived from the exchange rate adjustments that have been made in the past four years.

Brazil moved to increase trade and payments restrictions in the wake of the second oil shock, and intensified them as the country got caught up in the debt crisis. In 1980, a tax — of 15% at first, later 25% — was imposed on private-sector purchases of foreign exchange. Strict ceilings, determined annually since then, were placed on public-sector imports. The current import licensing system was introduced in 1981; under it, large importers must negotiate with the authorities a yearly import budget before licenses are issued. The list of prohibited imports was expanded during 1982 and a comprehensive foreign exchange budgeting system was introduced in 1983. In recent months, by contrast, the authorities have loosened up nontariff barriers to imports; they have also lowered the tax on foreign currency purchases

and narrowed its scope. As for exports, the benefits of the major currency devaluation in 1983 were subsequently reduced by the elimination of the export tax credit and a cut in prefinancing subsidies. Also, competitiveness has been lost because the currency has been devalued vis-à-vis the dollar only to the extent of domestic inflation measured by a general price index that roughly parallels the GDP deflator. Yet, domestic manufactures prices have been going up faster than the general index. Nor has allowance been made for the strengthening of the dollar far above purchasing power parity in world currency markets.

Chile, virtually the only country in Latin America to rely on tariff rather than nontariff import barriers, increased tariffs from 10% to 20% in early 1983 and to 35% in late 1984. More recently, however, tariffs were lowered to 30% in conjunction with a larger-than-usual exchange rate devaluation. Nevertheless, tariffs discourage exports because Chile is one of the few countries that fails to provide exporters duty-free access to imported inputs. The exchange rate, meanwhile, remains less competitive now than in 1975-79.

Colombia, since 1982, has subjected practically all import categories on the once freely importable list to licensing; customs duties were raised in 1984 by 25 percentage points; and a new import tax of 8% went into effect at the beginning of this year. Fiscal incentives to promote exports have been increased: tax rebates are now as high as 25% of export value, up from less than 10% two years ago. Recently, the government has been considering measures to simplify and liberalize the trade regime in connection with a proposed export development loan from the World Bank. Loan disbursements would be conditional on progress in facilitating duty-free inputs for exporters and in dismantling nontariff import restrictions. Meanwhile, the currency remains substantially less competitive on a real effective basis than it was throughout the 1970s, despite an acceleration in the pace of devaluations.

Mexico did not raise tariffs in response to the debt crisis. These were already high by world standards, if not those of Latin America. Instead, licensing was extended to virtually all imports by late 1982. Starting in mid-1983, however, licenses were more liberally granted and were dropped on categories equivalent to about 20% of total import value. Mexico's March 1985 Letter of Intent to the IMF promises to drop licensing rules on a further 20% of imports. Permits would be granted automatically whenever local prices for spare parts and raw materials exceed world prices by more than 50%. The number of tariff rates and their range would be reduced, and local producers of intermediate inputs for export products would gain easier access to their own import needs. As for export incentives, tax rebates were reduced in late 1982 following large devaluations and in response to U.S. countervailing duty threats. More recently, the so-called DIMEX plan has been proposed. This would allow exporters free import of goods up to 40% of the value of export proceeds, with no duties on the imported component of exports. However, at present implementation is delayed by domestic opposition. Meanwhile, devaluations have lagged well behind Mexico's inflation. On a real effective basis, the peso now is nearly as overvalued as it was at its peak in January 1982.

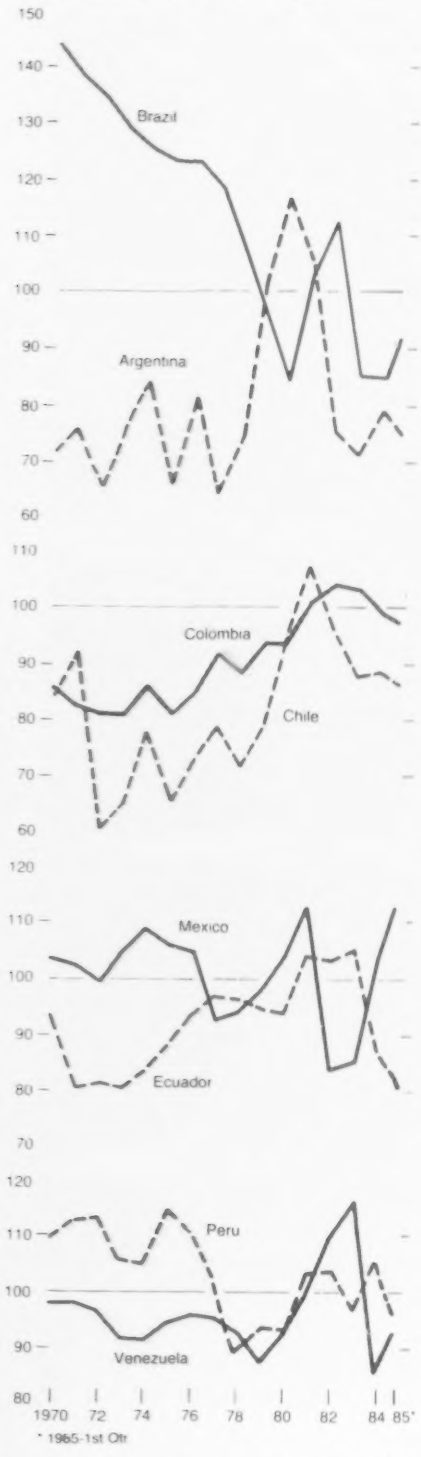
Thus, in much of Latin America, protective barriers sheltering local economies stand higher today than before the debt crisis, while some

Chart 4

Real effective exchange rates

annual averages

index numbers, 1980 – 82 – 100



currencies are again becoming overvalued (see Chart 4). Evidently, despite some tentative moves to undo the emergency trade and payments controls occasioned by the debt crisis, Latin America still has not cast off its long-standing ambivalence toward integration into the global marketplace.

The way forward

The time has come for Latin America to take a fresh and realistic look at its trade policies. For some years ahead the region cannot bank on windfalls from any run-up in commodity prices or large-scale infusion of foreign capital — nor even, as things stand, any significant repatriation of flight capital. Thus, Latin America would do well to remove self-imposed impediments to its agricultural and raw material exports, while building up efficient manufacturing sectors that are competitive in world markets — competitive particularly with those of the Asian NICs.

Several ingredients are vital for success. As backdrop, sustained economic growth in the industrial countries is a necessary, though hardly sufficient, condition. At center stage, in Latin America itself, the need is for supportive macroeconomic policies, competitive exchange rates, and trade policies that forego interventionism in favor of efficiency-boosting liberalization. Most important, the debtor countries need to pursue constructive policies that are both consistent and constant in application.

The most perfect of trade policies are impotent when domestic macroeconomic policies fail to be supportive. To date, those domestic policies have had discouraging results in Latin America, highlighted by the failure to bring down inflation. Under such conditions no market economy can function effectively: resource allocation is distorted; investment is discouraged; exchange rate management becomes erratic and export incentives meaningless. In addition, economic activity seeps underground while capital flees abroad in pursuit of more reliable return. The region's own experience demonstrates that there can be no fundamental improvement in export capability or in general economic efficiency so long as fiscal, monetary, and wage policies fail to discipline inflation.

Latin America's exchange rate competitiveness has been allowed to slip during the past year. Governments have been permitting appreciation in real terms, whether — as in Mexico — because reserves seem comfortable and appreciation exerts some brake on inflation or — as in Brazil — because devaluations fail to allow for the radically changed relationship between the dollar and other major currencies since the 1982-83 devaluation of Latin American currencies. The lessons of experience are clear: overvalued currencies cause balance of payments deterioration.

Other policies that discourage exports should be reexamined. For example, some Latin American countries heavily tax exports of traditional products because such levies are easy to collect, yet at the same time the taxes subvert comparative advantage and damage export prospects. New licensing restrictions also should be avoided, since even the possibility of their imposition discourages producers from seeking foreign markets.

Further, past policies have often disadvantaged export industries by forcing use of overly expensive domestic inputs and discouraging investment. In order to boost productivity and speed modernization, even partial steps to improve access to competitively priced inputs would

be beneficial — for example, the drawback of duties or the immediate duty-free use of imported inputs. While many countries already offer such schemes in some form, their scope could be expanded and their administration made more automatic: delays increase production costs and reduce confidence in the ability of exporters to meet sales commitments. In addition, a warmer welcome for foreign investment, including assembly operations, would expand opportunities to earn foreign exchange while increasing managerial skills and capital available to the economy as a whole.

Eventually, trade policies in the region should work for more comprehensive liberalization. Nominal tariffs often approach or exceed 50%, not to mention pervasive licensing and other nontariff barriers. Moreover, the structure of protection displays inordinately wide dispersion. This unduly discourages production in some sectors, while making production for the domestic market attractive in other sectors, yet inefficient. At the same time, despite sector-specific palliatives, an anti-export bias results. In all, the existing allocation of resources is grossly misaligned with comparative advantage. Fundamental improvement can be secured only by reforms that substitute tariffs for quantitative controls, lower protection in general, and make the incidence of remaining protection more uniform.

As for export incentives, the strengthening of a liberal world trade order is of great importance to Latin America. Its industrial-country trading partners are sensitive concerning subsidies or tax rebates and write-offs dependent on export performance, let alone quantitative export requirements imposed on foreign direct investors. These issues continue to provoke disputes and countervailing duty actions. If Latin America is to benefit from the global trade negotiations that most industrial countries hope to initiate in 1986, it is not enough for the region to stand pat on demands for a rollback of industrial-country protection. Latin America should be more forthcoming and flexible about its own trade policies.

Any prescription for improved trade policies in Latin America will have to confront local realities. Business interests and labor movements have grown up on a diet of import substitution, and can be expected to be wary of liberalization. Import licensing systems have provided the government bureaucracy with discretionary powers to direct resources and influence income distribution; export taxes have been tempting because they pose fewer political difficulties than other forms of taxation. The actions taken so far, while motivated by the need to overcome current difficulties, have not yet led to a lasting trade commitment. Such commitment will only develop based on steadfastness of policy objectives and implementation.

Trade liberalization in Latin America is the best way to boost the region's economic growth and employment prospects. Recovery in domestic investment, necessary for an improvement in medium-term economic growth, will likely require stepped-up imports of capital goods and intermediate goods. Thus, sound trade policies that lead to good export performance will be an integral part of Latin America's efforts to attain satisfactory per capita income growth and to build debt-servicing capacity during the remainder of this decade.

Statistical appendix

For key to data in tables see March/April 1985 issue.

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Information herein is from sources considered to be reliable but is furnished without responsibility on the part of Morgan Guaranty Trust Company.

Nominal effective exchange rates

Index numbers, 1980-82 average = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against 15 other major currencies, using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures. Annual figures are calendar year averages.

	United States	Canada	Japan	Australia	France	Germany	Italy	United Kingdom	Austria	Belgium	Netherlands	Spain	Switzerland	Denmark	Norway	Sweden
1980	90.7	100.4	95.5	96.0	106.5	100.0	108.4	99.8	99.4	105.9	100.2	106.5	95.4	105.1	98.2	103.9
1981	99.5	100.2	105.8	104.0	100.4	97.2	98.8	102.1	98.9	101.8	97.1	99.4	98.3	99.2	100.1	103.3
1982	109.8	99.4	98.6	100.1	93.1	102.8	92.8	98.1	101.7	92.3	102.7	94.1	106.3	95.7	101.7	92.8
1983	114.2	100.8	107.8	92.0	87.3	107.5	90.3	91.6	103.6	90.0	105.0	78.4	111.5	96.4	99.4	82.2
1984	122.4	97.3	113.0	94.2	84.4	107.4	86.7	88.1	103.6	88.9	104.0	77.4	110.5	93.9	97.8	84.3
1984																
May	119.5	96.8	114.6	95.1	84.6	107.7	86.9	89.1	103.8	88.8	104.4	78.4	110.9	93.6	99.1	83.6
June	120.2	96.2	113.3	93.0	84.9	108.2	87.0	88.6	104.2	88.9	104.6	78.0	110.1	93.8	99.1	83.4
July	124.2	95.4	110.8	90.3	84.6	107.7	87.3	87.7	104.1	89.3	104.0	77.3	107.9	93.7	97.4	84.4
August	124.0	97.0	111.4	91.9	84.3	107.3	86.6	87.9	103.8	89.3	103.8	76.6	108.8	93.8	97.1	84.6
September	127.3	96.7	112.0	92.1	83.6	106.2	85.9	87.1	103.2	88.9	103.1	76.9	109.3	93.2	96.9	85.6
October	128.5	96.6	112.0	93.6	83.7	106.3	85.7	85.3	103.2	88.7	103.2	77.0	109.8	93.4	97.1	85.6
November	126.8	96.5	112.5	95.0	84.0	106.7	85.6	85.2	103.4	89.3	103.5	77.4	110.2	94.2	95.5	85.1
December	129.5	96.7	112.0	94.8	83.6	106.1	86.0	83.7	103.2	89.3	103.0	77.8	109.5	94.5	95.5	85.0
1985																
January	132.0	96.9	110.5	93.8	83.7	106.2	86.3	81.0	103.4	89.9	103.0	78.1	107.8	95.0	95.7	85.0
February	136.4	95.3	110.0	86.8	83.5	105.8	85.4	81.4	103.3	89.3	102.5	77.6	105.9	94.4	95.8	85.5
March	136.9	93.2	111.3	81.5	83.7	105.9	83.7	84.0	103.0	89.0	102.5	77.2	105.8	94.3	95.7	84.6
April	131.7	93.6	111.5	74.2	84.5	106.7	83.0	88.1	103.8	89.2	102.9	77.5	108.0	94.5	96.0	83.6
March 29	133.0	93.3	111.2	80.0	84.2	106.4	82.9	87.5	103.5	89.0	102.9	77.4	106.7	96.5	95.7	83.9
April 5	133.1	93.3	111.2	76.2	84.2	106.4	83.2	87.1	104.0	89.2	103.0	77.7	106.9	94.9	96.1	84.0
12	132.4	93.4	111.0	75.5	84.5	106.8	83.0	87.8	103.3	89.1	102.9	77.2	107.4	94.4	95.8	83.5
19	129.3	93.8	111.6	72.9	84.6	107.0	83.2	89.5	104.0	89.3	102.9	77.9	109.0	94.8	96.1	83.1
26	131.5	93.8	111.8	73.9	84.4	106.5	83.0	87.9	103.8	89.2	102.8	77.6	108.9	94.5	96.0	83.7
May 3	132.8	93.3	111.7	74.2	84.2	106.2	83.0	88.3	103.8	89.2	102.7	77.2	107.5	93.9	96.0	83.8
10	133.3	92.8	111.7	77.3	84.3	106.5	82.8	88.2	103.0	88.8	102.8	76.3	106.9	93.7	95.7	83.5
17	131.0	92.9	111.3	77.3	84.5	106.7	83.0	89.4	103.4	89.1	103.0	76.6	107.8	94.0	95.7	83.7

Real effective exchange rates—industrial countries

Index numbers, 1980-82 average = 100. Each index is the corresponding nominal effective exchange rate adjusted for differential inflation in wholesale prices of nonfood manufactures. Underlying price data are partly estimated. Index revisions reflect revised price information or, less frequently, adoption of new price indices to measure inflation in one or more countries.

	United States	Canada	Japan	Australia	France	Germany	Italy	United Kingdom	Austria	Belgium	Netherlands	Spain	Switzerland	Denmark	Norway	Sweden
1980	89.4	99.6	103.0	93.0	102.2	103.5	103.5	99.9	100.2	107.5	99.9	100.9	98.7	103.5	96.6	101.2
1981	100.7	100.0	104.6	102.7	100.0	97.3	98.7	102.3	99.1	100.3	97.7	99.4	98.8	99.2	100.9	102.1
1982	109.9	100.4	92.3	104.3	97.7	99.2	97.8	97.9	100.7	92.3	102.5	99.8	102.6	97.3	102.5	96.7
1983	112.7	103.1	96.6	100.0	95.9	99.4	100.2	92.1	101.7	92.1	101.8	90.6	104.4	98.8	101.3	91.5
1984	118.2	101.2	97.6	105.1	96.8	96.6	101.0	89.3	102.8	90.6	100.1	95.1	99.5	96.5	100.1	96.9
1984																
May	115.8	100.5	99.1	105.6	97.2	96.9	101.2	90.2	102.6	91.0	100.5	95.6	99.5	95.5	101.7	95.7
June	116.4	99.9	97.7	103.6	97.5	97.1	101.4	89.7	103.1	90.9	100.9	95.8	99.1	97.2	101.3	95.4
July	120.0	99.5	95.4	101.1	97.8	96.7	101.8	89.0	103.0	90.8	100.3	95.1	96.7	95.3	99.1	97.0
August	119.5	101.2	96.0	103.3	97.1	96.1	101.5	89.4	103.0	91.3	99.9	94.4	97.3	95.8	98.5	97.8
September	121.5	101.4	96.8	103.8	96.2	95.3	101.1	88.7	102.9	90.9	99.2	95.6	97.9	97.2	99.5	98.9
October	123.7	100.4	96.0	105.0	96.4	95.3	100.8	86.7	101.8	90.2	98.9	96.0	98.9	96.7	100.1	99.2
November	122.1	100.5	96.3	106.6	97.2	95.5	100.6	86.9	102.6	90.6	99.0	97.1	98.8	98.1	98.4	98.4
December	124.2	101.1	95.7	106.5	98.2	94.7	100.5	85.5	102.4	90.4	98.3	97.7	98.1	98.2	98.1	98.8
1985																
January	126.1	101.6	94.1	105.1	98.0	95.1	102.1	83.3	102.4	90.3	97.7	98.5	96.3	97.8	97.4	99.5
February	129.8	100.1	93.6	97.2	98.2	94.8	101.0	83.8	102.1	89.3	96.8	98.6	95.0	96.4	98.1	100.4
March	130.1	97.9	94.4	91.3	99.0	94.8	99.0	86.8	101.9	88.7	96.5	97.6	94.8	96.0	97.8	99.6
April	124.8	98.6	94.3	83.1	100.3	95.6	98.5	91.5	102.6	88.4	96.5	98.3	96.7	95.8	97.8	98.8

Real effective exchange rates — developing countries

Index numbers, 1980-82 = 100

	Argentina	Brazil	Chile	Colombia	Mexico	Peru	Venezuela	Hong Kong	Indonesia	Korea	Malaysia	Philippines	Singapore	Taiwan	Israel	Turkey
1980	116.4	84.8	95.3	94.7	103.7	93.1	91.3	98.4	89.6	95.9	95.2	94.7	98.6	100.9	92.9	102.9
1981	107.7	103.2	108.2	100.4	112.4	103.2	99.6	99.5	99.6	101.2	99.3	101.8	102.7	102.6	99.3	102.5
1982	75.9	112.0	96.6	104.8	84.0	103.7	109.1	102.3	110.8	103.0	104.5	106.2	98.7	96.5	107.8	94.6
1983	71.1	85.4	88.8	103.9	85.6	97.6	116.0	96.8	95.7	97.3	112.7	95.7	97.1	93.1	119.5	95.4
1984	79.8	85.2	89.9	99.1	103.4	105.7	85.5	100.4	96.8	95.8	119.0	106.1	95.8	95.4	118.4	87.9
1984																
April	80.2	78.8	88.8	99.3	99.4	102.7	71.6	96.2	93.9	94.0	116.3	106.4	95.8	92.6	115.0	83.5
May	83.8	80.6	89.8	99.7	102.1	103.6	74.0	97.9	95.6	94.8	118.0	111.6	96.0	94.1	116.7	85.9
June	83.3	83.0	90.3	98.8	103.2	106.8	77.2	98.3	96.5	95.1	118.4	101.6	95.2	94.5	117.5	85.7
July	85.6	86.1	91.3	99.3	104.6	108.6	79.5	100.7	98.8	96.0	120.7	105.3	95.7	96.6	117.6	87.2
August	85.7	85.9	92.4	99.1	104.2	109.0	83.5	100.9	97.4	96.2	121.4	107.0	96.3	97.5	119.1	89.7
September	88.6	88.3	93.0	99.9	105.7	109.6	85.8	103.8	97.4	97.6	123.3	114.5	96.9	98.9	122.0	90.5
October	81.9	89.6	89.7	98.2	107.6	107.8	87.5	105.4	97.8	97.2	121.0	113.1	96.0	98.1	122.1	91.6
November	72.8	88.2	88.2	97.3	108.7	104.8	87.8	104.8	96.5	96.3	119.6	109.8	95.0	96.7	122.2	91.5
December	76.0	90.8	87.0	97.9	108.6	101.5	88.7	107.1	98.9	96.7	120.7	112.6	95.3	97.3	114.3	92.2
1985																
January	74.8	93.7	88.1	98.7	110.4	98.2	91.1	108.7	100.1	96.8	121.9	120.1	95.4	98.1	109.5	96.1
February	74.7	92.9	89.6	99.6	112.6	97.0	93.3	112.2	101.4	97.8	120.4	128.2	95.5	99.4	119.8	100.5
March	77.1	86.8	84.2	96.9	112.9	92.9	94.5	111.7	100.2	96.1	119.8	129.5	95.2	98.6	115.7	98.8

International banking market size

at end of period, billions of dollars

	1980	1981	1982r	1983	1984			
				Decr	Marr	Junr	Sepr	Dec
Gross claims								
Eurocurrencies, on residents and nonresidents	**1 559**	**1 924**	**2 140**	**2 253**	**2 341**	**2 325**	**2 321**	**2 352**
On nonbanks	430	579	643	665	686	672	675	684
On banks	1 129	1 345	1 496	1 588	1 655	1 653	1 646	1 668
In dollars	1 167	1 505	1 696	1 796	1 842	1 846	1 856	1 888
In other currencies	392	419	444	457	499	479	465	464
Domestic currencies, on nonresidents	**349**	**370**	**403**	**405**	**409**	**415**	**402**	**408**
On nonbanks	143	154	150	143	145	149	147	148
On banks	206	216	253	262	264	266	255	260
In dollars	177	194	221	224	215	227	217	221
In other currencies	172	176	185	181	194	186	185	187
Total	**1 908**	**2 294**	**2 543**	**2 658**	**2 750**	**2 740**	**2 723**	**2 760**
On nonbanks	573	733	793	808	831	821	822	832
On banks	1 335	1 561	1 750	1 850	1 919	1 919	1 901	1 928
In dollars	1 344	1 699	1 916	2 020	2 057	2 073	2 073	2 109
In other currencies	564	595	629	638	693	665	650	651
Gross liabilities								
Eurocurrencies, to residents and nonresidents	**1 574**	**1 950**	**2 164**	**2 280**	**2 365**	**2 362**	**2 350**	**2 383**
To nonbanks	278	392	432	479	501	504	492	497
To official monetary institutions	127	113	91	86	83	88	94	97
To other banks	1 168	1 446	1 641	1 715	1 781	1 770	1 764	1 789
In dollars	1 193	1 538	1 744	1 849	1 885	1 907	1 914	1 948
In other currencies	381	412	420	431	480	455	436	435
Domestic currencies, to nonresidents	**284**	**267**	**255**	**263**	**268**	**284**	**280**	**285**
To nonbanks	85	177	167	77	77	77	76	85
To banks	199	90	88	186	191	207	202	200
In dollars	139	130	121	138	134	147	146	151
In other currencies	145	137	134	125	134	137	134	134
Total	**1 858**	**2 217**	**2 419**	**2 543**	**2 633**	**2 646**	**2 630**	**2 668**
To nonbanks	363	569	599	556	578	581	570	582
To banks and official institutions	1 494	1 649	1 820	1 987	2 055	2 065	2 060	2 086
In dollars	1 332	1 669	1 865	1 987	2 019	2 054	2 060	2 099
In other currencies	526	548	554	556	614	592	570	569
Net market size	**941**	**1 176**	**1 332**	**1 392**	**1 412**	**1 426**	**1 417**	**1 426**

International bond issues and bank credits

millions of dollars

	1982	1983	1984	1985			Jan-Apr	
				Feb	Mar	Apr	1985	1984
By country of borrower								
Industrial countries	**108 772**	**102 652**	**177 077**	**16 320**	**10 786**	**15 348**	**60 286**	**73 334**
Australia	7 213	5 737	5 816	541	873	838	3 003	1 252
Austria	2 068	1 290	2 254	—	356	112	805	1 095
Belgium	1 528	2 168	1 847	62	116	336	967	444
Canada	15 856	8 571	13 124	959	1 092	400	6 864	3 952
Denmark	2 725	3 941	4 825	319	74	440	1 231	1 405
Finland	1 446	1 271	1 713	100	139	60	603	634
France	14 813	8 626	11 298	1 553	1 172	614	4 272	3 232
Germany	1 101	3 197	2 165	104	—	50	440	1 032
Greece	808	1 291	1 551	172	—	200	669	550
Ireland	1 136	1 869	1 377	38	—	191	592	172
Italy	6 687	4 876	6 933	1 693	1 095	1 926	5 470	1 657
Japan	8 397	14 428	17 526	1 821	1 403	1 763	7 575	7 982
Netherlands	1 000	1 213	1 973	106	14	133	391	1 295
New Zealand	4 786	802	3 208	53	121	—	485	502
Norway	2 601	1 969	1 324	213	172	135	660	476
Portugal	1 684	1 030	1 796	242	549	68	879	481
South Africa	1 889	1 300	1 422	22	—	201	402	514
Spain	2 675	4 977	4 931	702	125	616	1 651	2 142
Sweden	3 181	7 144	11 256	590	1 068	509	2 816	3 926
United Kingdom	2 836	2 726	8 699	931	599	1 378	3 400	3 203
United States	21 109	20 276	65 054	5 910	1 587	5 149	16 416	35 953
*Other**	3 233	3 950	6 785	190	232	232	695	1 435
Developing countries	**49 023**	**38 256**	**39 725**	**966**	**2 413**	**1 586**	**6 901**	**19 376**
Latin American countries	**29 667**	**15 592**	**17 464**	**151**	**381**	**286**	**1 015**	**10 685**
Argentina	1 565	1 750	4 212	—	—	—	—	12
Brazil	5 972	4 475	6 649	—	—	—	—	6 500
Chile	1 194	1 405	784	—	—	—	—	—
Colombia	776	552	589	—	—	—	—	195
Mexico	9 968	5 138	3 918	—	—	—	—	3 800
Venezuela	7 241	237	—	—	—	—	—	—
*Other***	2 951	2 035	1 312	151	381	286	1 015	178
Asian countries	**11 723**	**12 978**	**15 853**	**643**	**1 976**	**750**	**4 028**	**5 819**
India	555	968	945	92	25	21	288	275
Indonesia	1 822	2 363	1 924	—	—	—	—	782
Korea	3 277	4 387	6 201	151	965	423	1 786	2 114
Malaysia	2 872	2 197	2 605	—	600	92	810	1 304
Philippines	888	878	925	—	—	—	—	—
Thailand	414	747	1 221	400	150	—	550	430
Other	1 895	1 438	2 072	—	236	214	594	914
Middle Eastern and African countries	**7 633**	**9 686**	**6 368**	**173**	**55**	**550**	**1 858**	**2 872**
Algeria	86	1 993	821	—	—	—	600	—
Nigeria	2 069	2 343	985	—	—	—	—	985
Turkey	277	1 106	741	—	51	500	551	500
Other	5 201	4 244	3 821	173	5	50	707	1 387
Eastern European countries	**1 479**	**1 294**	**3 244**	**—**	**562**	**408**	**1 506**	**1 325**
Hungary	340	741	1 386	—	39	25	294	885
Soviet Union	1 131	93	1 051	—	—	262	467	365
*Other****	8	460	807	—	523	122	745	75
International organizations****	**11 353**	**16 201**	**13 267**	**1 368**	**1 558**	**1 677**	**6 358**	**4 329**
By type of instrument and currency								
International bond issues	**78 042**	**76 329**	**107 411**	**13 928**	**9 845**	**12 417**	**49 566**	**39 215**
Eurobonds	51 645	48 501	79 458	11 909	7 946	9 886	40 720	27 407
U.S. dollar	43 959	38 428	63 593	10 468	5 835	7 195	31 385	21 583
German mark	2 588	3 817	4 604	142	82	435	1 733	1 741
British pound	748	1 947	3 997	189	973	433	1 795	1 716
Japanese yen	374	212	1 212	546	117	478	1 686	240
European composite units	1 980	2 019	3 032	239	404	738	1 874	1 215
Other	1 996	2 078	3 020	325	536	607	2 248	912
Foreign bonds	26 397	27 828	27 953	2 019	1 898	2 531	8 846	11 808
U.S. dollar	5 946	4 545	5 487	300	315	308	1 448	3 068
German mark	2 952	2 671	2 243	39	232	145	624	755
British pound	1 214	811	1 292	65	—	92	157	502
Swiss franc	11 432	14 299	12 626	1 141	971	662	3 776	5 841
Japanese yen	3 418	3 772	4 628	334	234	1 195	2 266	1 135
Other	1 435	1 730	1 677	90	147	129	576	507
International bank credits	**92 585**	**82 074**	**125 922**	**4 726**	**5 475**	**6 602**	**25 485**	**59 149**
Eurocurrency credits	85 015	74 222	112 605	4 303	4 590	6 459	23 553	55 378
Foreign credits	7 570	7 852	13 317	423	884	143	1 932	3 771
Total	**170 627**	**158 403**	**233 333**	**18 654**	**15 319**	**19 019**	**75 051**	**98 364**

*Includes multinational organizations. **Includes unallocated. ***Includes COMECON institutions. ****Includes regional development organizations.

Eurocurrency deposit rates

prime banks' bid rates, at or near end of month

	1981	1982	1983	1984			1985			
	Dec	Dec	Dec	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Eurodollar										
overnight	12.87	9.25	9.50	9.81	8.69	8.63	8.50	8.44	8.81	8.31
one month	13.31	9.13	9.69	9.75	8.81	8.38	8.5[illegible]	8.88	8.69	8.38
three months	13.75	9.19	9.81	10.00	9.06	8.63	8.44	9.44	9.00	8.69
six months	14.81	9.50	10.06	10.25	9.50	9.13	8.69	10.00	9.44	9.00
twelve months	14.75	9.63	10.38	10.81	10.06	9.81	9.31	10.75	10.13	9.75
Euro-Canadian dollar										
one month	15.37	10.00	9.13	11.38	10.88	9.88	9.63	10.38	10.38	9.50
three months	15.37	10.00	9.50	11.38	10.50	10.81	9.63	11.19	10.56	9.81
six months	16.37	10.13	9.75	11.56	10.56	10.06	9.63	11.75	10.69	10.38
twelve months	16.37	10.25	10.00	11.63	10.56	10.44	9.88	12.06	12.00	10.75
Euro-french franc										
one month	15.75	23.00	12.13	10.38	10.69	10.69	10.31	10.63	10.63	10.31
three months	17.00	24.00	12.19	10.69	10.88	10.69	10.56	11.00	10.81	10.44
six months	18.00	22.00	12.31	11.31	11.19	11.00	11.00	11.44	11.25	10.75
twelve months	18.25	19.75	12.63	11.75	11.63	11.38	11.63	11.88	11.56	10.94
Euromark										
one month	10.44	5.88	5.25	5.56	5.56	5.50	5.75	5.81	5.69	5.75
three months	10.50	5.88	5.88	5.81	5.56	5.50	6.00	6.06	5.88	5.81
six months	10.56	5.94	6.13	5.81	5.63	5.56	6.06	6.38	6.06	5.88
twelve months	10.25	6.00	6.38	5.88	5.69	5.56	6.13	6.56	6.25	6.06
Euro-Dutch guilder										
one month	10.75	5.13	5.81	5.81	5.63	5.69	6.00	6.81	6.69	[illegible]
three months	10.75	5.19	6.00	6.00	5.81	5.75	6.13	7.06	6.81	[illegible]
six months	10.75	5.38	6.25	6.13	5.88	5.81	6.19	7.13	6.88	6.94
twelve months	10.75	5.63	6.38	6.25	6.00	5.94	6.31	7.31	6.94	7.00
Euro-Swiss franc										
one month	8.87	2.81	3.38	4.63	5.13	4.44	5.38	5.50	5.19	5.00
three months	9.25	3.25	3.75	5.06	4.94	4.56	5.38	5.75	5.50	5.19
six months	9.25	3.44	3.94	5.06	4.94	4.63	5.31	5.81	5.56	5.25
twelve months	8.50	3.44	3.94	5.00	4.94	4.69	5.19	5.63	5.44	5.25
Eurosterling										
one month	15.37	10.56	9.13	10.63	9.69	9.50	13.13	14.00	13.56	12.75
three months	15.69	10.44	9.31	10.50	9.69	9.88	12.50	13.88	13.13	12.69
six months	15.69	10.31	9.50	10.44	9.81	10.00	11.94	13.13	12.31	12.44
twelve months	15.37	10.31	9.81	10.56	10.00	10.19	11.88	12.69	11.94	12.13
Euroyen										
one month	6.12	6.75	6.25	6.13	6.50	6.19	6.19	6.50	6.25	6.13
three months	6.12	6.75	6.31	6.31	6.31	6.19	6.31	6.38	6.31	6.25
six months	6.87	7.10	6.38	6.31	6.31	6.13	6.25	6.31	6.31	6.31
twelve months	6.87	6.81	6.44	6.31	6.31	6.13	6.25	6.31	6.31	6.31
European currency unit										
one month	14.63	12.44	8.81	9.50	9.19	9.25	9.94	9.94	10.00	9.38
three months	14.75	12.31	9.19	9.69	9.31	9.38	9.94	10.06	10.13	9.56
six months	15.00	12.00	9.44	9.81	9.38	9.50	9.94	10.13	10.13	9.69
twelve months	14.56	11.19	9.63	10.00	9.69	9.63	9.94	10.13	10.25	9.88

International bond yields

average yield of several actively traded, high quality issues with a maturity of 7 to 12 years
at or near end of month

	1982	1983	1984				1985			
	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States companies										
Eurodollar	11.16	11.59	12.09	11.85	11.17	11.25	11.05	11.65	11.73	11.24
Euromark	7.24	7.34	7.30	7.19	7.08	6.95	7.19	7.57	7.35	7.11
Swiss franc	5.70	5.83	5.72	5.78	5.70	5.73	5.85	5.95	5.86	5.74
European governments										
Eurodollar	12.53	12.65	12.92	12.49	12.00	12.04	11.72	12.40	12.29	11.97
Euromark	8.10	8.12	7.78	7.61	7.43	7.39	7.34	7.88	7.61	7.54
Swiss franc	5.40	5.63	5.39	5.40	5.43	5.24	5.17	5.35	5.34	5.21
European currency unit	n.a.	11.77	11.43	11.00	10.79	10.64	10.32	10.65	10.44	10.39

Central bank discount rates

at or near end of month

	1981	1982	1983	1984	1985				Current	
	Dec	Dec	Dec	Dec	Jan	Feb	Mar	Apr	May 17 1985	effective since
United States	12.00	8.50	8.50	8.00	8.00	8.00	8.00	8.00	7.50	May 17, 85
Canada	14.66	10.05	9.96	10.09	9.75	11.52	10.65	10.02	9.70	May 16, 85
Austria	6.75	4.75	3.75	4.50	4.50	4.50	4.50	4.50	4.50	Jun 28, 84
Belgium	15.00	11.50	10.00	11.00	11.00	11.00	11.00	11.00	9.50	May 20, 85
Denmark	11.00	10.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	Oct 27, 83
Finland	9.25	8.50	9.50	9.50	9.50	9.00	9.00	9.00	9.00	Feb 1, 85
France	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	9.50	Aug 31, 77
Germany	7.50	5.00	4.00	4.50	4.50	4.50	4.50	4.50	4.50	Jun 29, 84
Ireland	16.50	14.00	12.25	14.00	14.00	14.00	14.00	12.75	12.75	Apr 19, 85
Italy	19.00	18.00	17.00	16.50	15.50	15.50	15.50	15.50	15.50	Jan 4, 85
Netherlands	9.00	5.00	5.00	5.00	5.00	5.50	5.50	5.50	5.50	Feb 1, 85
Norway	9.00	9.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	Jun 6, 83
Portugal	18.00	19.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	Aug 10, 83
Spain	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	Jul 26, 77
Sweden	11.00	10.00	8.50	9.50	9.50	9.50	9.50	9.50	11.50	May 14, 85
Switzerland	6.00	4.50	4.00	4.00	4.00	4.00	4.00	4.00	4.00	Mar 18, 83
United Kingdom	14.37	10.00	9.00	9.38	13.75	13.75	12.75	12.25	12.25	Apr 19, 85
Japan	5.50	5.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	Oct 22, 83
New Zealand	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	Jul, 81
South Africa	13.50	15.45	18.50	21.75	22.75	22.33	22.33	21.25	21.00	May 3, 85
Argentina	98.50	128.54	183.75	221.31	231.89	231.89	252.85	314.19	353.88	May 1, 85
Korea	10.50	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	Mar 29, 82
Philippines	6.69	6.30	8.05	12.11	11.32	11.33	n.a.	n.a.	n.a.	Feb, 85
Singapore	9.50	7.00	7.00	6.75	6.50	6.50	6.50	6.00	6.00	Apr 8, 85
Thailand	14.50	12.50	13.00	12.00	12.00	12.00	12.00	12.00	12.00	Nov, 84
Venezuela	14.00	13.00	11.00	11.00	11.00	11.00	10.00	10.00	10.00	Mar 85

Day-to-day money rates

monthly averages

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	12.37	8.95	9.47	11.30	9.99	9.43	8.38	8.35	8.50	8.58	8.33
Canada	14.53	10.63	8.78	12.13	11.95	11.22	10.50	9.75	9.88	10.41	10.25
Austria	7.50	6.00	5.75	6.63	6.75	7.25	7.63	6.75	6.50	6.75	6.88
Belgium	12.45	9.29	7.39	8.68	9.43	10.07	9.12	9.22	8.99	9.13	9.85
Finland	11.30	11.50	16.70	16.10	15.75	15.48	15.07	14.57	14.18	14.00	13.96
France	15.46	12.88	12.27	11.36	11.04	11.18	10.95	10.56	10.64	10.67	10.48
Germany	10.58	6.15	5.61	5.55	5.61	5.51	5.62	5.52	5.78	5.86	5.71
Ireland	16.68	14.54	12.19	12.38	13.50	14.25	14.50	14.63	14.75	14.63	13.63
Italy	20.63	19.00	17.88	17.34	17.38	17.25	17.25	16.06	16.00	16.00	15.77
Netherlands	10.67	5.31	5.84	5.84	5.90	5.57	5.60	5.78	5.75	6.93	6.74
Norway	18.60	11.00	12.30	12.00	12.90	13.10	12.50	10.70	12.80	11.60	13.50
Spain	18.73	15.81	16.77	12.52	10.87	12.96	12.11	11.35	12.12	11.99	10.55
Sweden	13.95	9.31	11.52	13.48	12.56	11.64	11.88	10.58	13.50	13.50	13.50
Switzerland	3.38	1.25	1.88	2.50	2.00	1.50	1.50	2.63	1.75	2.50	2.00
United Kingdom	9.13	6.70	7.75	7.28	7.38	7.55	6.31	7.38	11.94	10.60	12.38
Australia	12.84	11.04	4.56	10.56	10.61	10.92	10.88	10.89	11.14	13.34	n.a.
Japan	6.70	6.92	6.44	6.32	6.15	6.10	6.41	6.17	6.16	6.42	6.07
South Africa	12.75	14.15	16.06	22.63	21.50	21.50	21.13	22.19	21.56	21.50	21.50
Argentina	84.93	155.32	178.30	194.56	215.99	215.99	215.99	226.61	226.61	247.63	288.80
Brazil	103.74	150.42	184.69	285.03	328.87	244.59	272.02	378.76	287.93	337.15	n.a.
Hong Kong	10.75	9.13	13.90	11.99	8.47	7.23	6.80	6.94	6.18	6.15	7.21
Korea	14.40	13.84	11.40	11.20	11.30	10.90	10.00	8.90	9.30	9.70	9.80
Philippines	14.70	16.12	31.18	34.29	40.09	32.17	15.22	23.15	19.80	27.80	n.a.
Singapore	3.96	11.45	7.05	8.16	7.54	6.29	6.01	5.40	6.07	5.30	4.69

Treasury bill rates

bond equivalent yields, at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	11.90	8.15	9.28	10.64	9.69	8.71	7.99	7.83	8.67	8.42	8.08
Canada	14.41	9.80	9.71	12.02	11.46	10.50	9.84	9.50	11.27	10.40	9.77
Belgium	16.00	12.25	10.85	11.00	11.00	10.75	10.75	10.70	10.70	10.45	9.50
Ireland	18.13	15.25	12.01	13.12	13.24	14.80	15.10	14.59	14.54	13.77	12.62
Italy	21.36	19.11	16.95	15.40	15.30	14.90	14.69	13.75	13.46	13.38	n.a.
Netherlands	9.75	5.63	5.63	5.50	5.63	5.63	5.88	6.31	6.51	6.75	7.00
Spain	n.a.	15.28	14.46	8.91	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sweden	n.a.	12.90	11.75	13.80	11.83	12.04	11.83	13.53	14.28	14.33	14.47
United Kingdom	15.34	9.96	9.04	10.23	10.13	9.27	9.33	11.89	13.90	12.76	12.26
Australia	13.27	9.39	8.54	9.60	10.75	10.98	12.27	12.22	13.51	14.82	14.72
Japan	5.42	5.42	4.91	4.91	4.91	4.91	4.91	4.91	4.91	4.91	4.91
New Zealand	11.25	11.25	7.80	7.80	13.50	13.50	13.50	17.50	17.45	19.50	23.40
South Africa	14.55	14.62	18.43	23.02	23.03	21.82	21.94	23.05	23.01	22.45	21.92
Brazil	92.62	115.40	179.15	269.00	273.03	273.03	273.03	273.03	273.03	273.03	n.a.
Mexico	33.23	57.44	53.78	49.48	47.77	47.68	49.18	48.07	49.30	56.47	57.69
Philippines	13.22	14.54	15.99	42.56	46.30	48.67	47.14	35.69	30.92	34.29	n.a.
Singapore	3.03	2.74	2.59	3.01	3.01	2.80	2.91	2.93	2.93	2.97	2.94

Representative money market rates

bond-equivalent yields on major short-term (mostly 3-4 month) money market instruments other than Treasury bills, at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	12.78	8.81	9.75	10.94	9.59	8.84	8.22	8.06	9.05	8.81	8.27
Canada	15.25	9.95	9.87	12.25	11.80	10.80	10.10	9.65	11.80	10.55	10.20
Belgium	16.00	12.35	11.00	11.00	11.00	10.75	10.70	10.75	10.70	10.45	10.10
France	15.25	12.75	12.19	10.94	10.18	10.56	10.69	10.31	10.69	10.63	10.31
Germany	10.50	6.20	6.30	6.05	6.05	5.80	5.75	5.85	6.25	6.20	5.90
Ireland	18.50	15.75	12.19	13.06	13.75	15.38	15.13	14.63	14.75	13.75	12.75
Italy	21.00	19.00	17.88	17.25	17.25	17.25	17.25	16.00	16.13	15.75	15.25
Netherlands	11.00	5.25	6.00	6.19	6.06	5.94	5.75	6.50	7.19	6.88	7.13
Portugal	13.80	15.05	24.11	24.60	24.52	24.51	24.57	24.57	24.53	24.61	n.a.
Spain	15.52	16.55	18.48	12.86	12.54	12.95	12.13	12.27	12.22	12.15	12.34
Switzerland	10.12	3.88	3.88	5.38	5.25	5.00	5.00	5.63	6.13	5.75	5.38
United Kingdom	15.69	10.50	9.31	10.69	10.88	9.69	9.88	12.50	13.88	13.06	12.56
Australia	16.00	10.65	9.50	11.30	11.30	11.75	12.50	13.55	14.60	15.60	15.70
Japan	6.30	6.80	6.42	6.32	6.30	6.30	6.29	6.26	6.32	6.27	6.25
New Zealand	16.05	16.75	12.10	16.75	15.25	15.25	15.25	18.75	22.75	25.00	23.50
South Africa	15.47	15.26	19.12	23.56	23.56	22.11	22.78	24.07	24.12	23.50	22.09
Chile	34.54	71.44	22.42	39.29	52.87	56.45	22.42	22.42	34.49	n.a.	45.93
Hong Kong	14.18	10.13	12.84	12.78	10.13	8.76	8.26	7.85	7.64	8.28	7.35
Indonesia	14.48	18.50	19.50	21.00	20.00	19.00	19.00	19.00	20.50	22.00	19.00
Korea	15.69	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00
Malaysia	9.50	8.50	9.80	10.30	15.00	10.00	10.30	9.50	9.30	10.01	9.50
Philippines	17.70	15.96	15.61	19.54	31.23	38.67	33.21	29.38	26.95	24.73	n.a.
Singapore	7.81	8.69	8.44	8.81	7.38	6.69	7.00	6.03	6.44	6.06	5.31
Taiwan	10.94	9.94	7.65	7.27	5.17	6.17	8.07	6.78	9.14	7.76	n.a.
Thailand	14.29	12.25	16.00	14.50	14.00	12.00	12.00	14.00	17.75	16.50	16.00

Commercial bank deposit rates

at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	12.62	8.25	9.70	10.95	9.95	8.85	8.35	8.06	9.22	8.90	8.25
Canada	15.20	9.85	9.82	12.20	11.75	10.75	10.05	9.60	11.75	10.50	10.15
Austria	9.63	6.25	6.50	7.06	7.38	7.63	7.50	6.94	6.88	6.88	6.88
Belgium	15.50	12.25	11.25	10.88	10.75	10.63	10.63	10.75	10.87	10.25	9.50
Denmark	10.00	9.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Finland	5.00	4.25	5.25	5.25	5.25	5.25	5.25	5.25	4.75	4.75	4.75
France	9.16	8.24	7.66	7.30	7.08	7.14	7.04	6.85	6.90	6.90	6.82
Germany	9.50	6.00	5.90	5.30	5.40	5.30	5.25	5.35	5.55	5.70	5.45
Ireland	18.38	15.25	11.75	12.75	13.25	14.75	14.63	14.25	14.25	13.50	12.00
Italy	13.25	13.25	13.25	11.64	11.64	11.64	11.64	11.00	11.00	10.96	10.96
Netherlands	11.00	5.38	6.13	6.13	6.00	5.81	5.69	6.38	7.06	6.81	7.00
Norway	12.75	13.50	12.75	12.75	12.75	12.75	12.75	12.25	13.00	12.75	12.75
Portugal	14.00	15.00	21.50	28.00	28.00	28.00	27.00	27.00	27.00	n.a.	n.a.
Spain	11.78	12.53	12.62	12.18	11.76	11.67	11.64	11.34	11.02	10.80	n.a.
Sweden	12.65	12.15	11.70	13.45	11.50	11.50	11.45	13.10	13.65	13.70	13.77
Switzerland	8.75	3.00	3.50	4.88	4.75	4.63	4.50	5.00	5.75	5.25	4.88
United Kingdom	15.69	10.31	9.31	10.63	10.44	9.75	9.88	13.13	13.75	13.00	12.50
Australia	15.65	10.20	10.40	10.68	11.22	11.46	12.75	13.78	13.82	14.95	15.55
Japan	6.50	7.00	6.50	6.42	6.42	6.43	6.38	6.42	6.50	6.36	6.36
New Zealand	15.50	16.50	11.50	15.25	15.00	15.50	15.25	17.00	18.75	20.00	23.00
South Africa	14.75	15.25	20.13	23.50	23.58	22.00	22.88	24.13	23.75	23.63	22.25
Argentina	86.76	103.42	176.41	270.00	320.00	285.00	380.00	285.00	280.00	315.00	360.00
Brazil	110.05	21.00	23.00	27.00	26.00	26.50	27.00	26.00	25.50	26.50	n.a.
Chile	36.87	57.72	22.28	15.39	58.81	66.31	22.42	21.84	34.33	n.a.	45.49
Hong Kong	12.50	7.50	9.00	9.50	8.00	7.50	7.00	5.50	5.50	5.00	4.50
Korea	14.40	7.60	7.60	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Malaysia	10.00	8.40	7.75	9.37	10.08	10.02	9.58	9.50	9.50	9.66	9.42
Mexico	31.82	52.54	57.15	49.46	47.63	47.45	47.45	47.45	47.45	51.89	54.50
Philippines	13.35	14.10	14.96	23.36	29.37	32.47	31.01	27.07	24.36	22.12	n.a.
Singapore	7.50	8.25	7.44	8.19	7.01	6.19	6.13	5.44	6.01	5.82	5.01
Taiwan	10.75	7.50	7.00	6.75	6.75	6.50	6.50	6.50	6.50	6.25	6.25
Thailand	10.00	10.00	10.00	13.00	13.00	13.00	13.00	13.00	13.00	13.00	16.00
Venezuela	14.75	15.50	12.00	12.00	13.00	13.00	12.50	12.00	13.00	11.50	11.50

Domestic government bond yields

long-term issues, at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	14.33	10.61	12.00	12.32	11.86	11.64	11.61	11.28	12.09	11.92	11.64
Canada	15.27	11.69	12.02	12.63	12.18	11.81	11.66	11.38	12.30	11.93	11.50
Austria	10.37	8.81	8.02	8.09	8.10	8.07	8.04	8.00	8.00	8.06	8.06
Belgium	13.99	12.66	11.89	11.85	11.74	11.47	11.56	11.56	11.58	11.50	11.49
Denmark	20.91	20.14	12.96	15.30	14.63	14.92	14.60	13.66	13.74	13.33	12.87
Finland	10.98	10.64	11.16	10.87	10.85	10.84	10.73	10.84	10.91	10.39	10.34
France	16.44	15.40	13.96	13.05	12.02	12.36	12.70	12.12	12.25	12.27	11.98
Germany	9.71	7.90	8.38	7.83	7.53	7.20	7.17	7.35	7.71	7.44	7.30
Ireland	18.28	14.54	14.25	14.98	14.99	15.25	14.90	14.57	14.74	13.55	13.08
Italy	21.39	19.70	17.69	15.58	15.32	15.23	14.52	13.22	13.10	13.51	n.a.
Netherlands	11.28	8.16	8.58	8.26	7.94	7.65	7.72	7.42	7.93	8.06	7.73
Norway	12.37	13.32	12.50	12.00	12.00	12.00	12.00	12.50	12.00	12.38	12.38
Portugal	17.39	16.63	22.11	21.05	20.84	21.21	22.23	20.34	20.69	n.a.	n.a.
Spain	16.20	15.92	18.71	16.38	15.49	14.96	13.93	n.a.	n.a.	n.a.	n.a.
Sweden	12.80	13.01	12.30	12.98	12.34	12.16	12.04	12.39	13.23	12.93	13.42
Switzerland	5.40	4.22	4.54	4.81	4.89	4.77	4.78	4.74	4.91	4.88	4.81
United Kingdom	15.02	10.62	9.94	10.18	10.19	9.96	10.25	10.65	10.56	10.34	10.42
Australia	15.00	13.00	13.65	13.50	13.30	13.30	13.40	13.12	13.70	13.85	14.05
Japan	8.11	7.96	7.45	7.37	7.11	6.61	6.36	6.37	7.19	6.97	6.70
New Zealand	12.55	12.84	10.50	15.31	16.65	16.60	16.90	17.09	17.35	17.60	18.35
South Africa	13.33	11.31	13.64	16.44	16.80	15.90	16.55	17.25	17.85	16.85	16.40
Philippines	13.01	13.64	14.47	38.67	27.31	34.77	18.54	21.15	24.20	n.a.	n.a.
Venezuela	12.50	15.00	13.50	14.00	14.50	14.50	14.00	13.00	13.50	13.00	12.50

Commercial bank lending rates to prime borrowers

at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	15.75	11.50	11.00	12.75	12.00	11.25	10.75	10.50	10.50	10.50	10.50
Canada	17.25	12.50	11.00	13.00	12.50	12.00	11.25	11.00	11.50	11.75	10.75
Austria	13.50	11.75	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
Belgium	18.00	15.50	13.75	14.25	14.00	14.00	14.00	14.00	14.00	14.00	13.50
Denmark	15.00	14.00	10.00	10.00	10.00	10.50	10.50	10.50	10.50	11.00	10.50
Finland	9.84	8.95	10.18	10.56	10.55	10.63	10.68	10.69	10.30	10.36	n.a.
France	14.00	12.25	12.25	12.00	12.00	12.00	12.00	11.50	11.50	11.50	11.50
Germany	13.00	8.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Ireland	17.25	16.50	13.75	13.75	13.75	13.75	15.75	15.75	15.75	15.75	14.50
Italy	22.50	20.75	18.75	18.00	18.00	18.00	18.00	17.00	17.00	17.00	17.00
Netherlands	12.00	6.25	7.00	6.50	6.50	6.50	6.25	6.75	7.75	7.50	7.13
Norway	13.75	14.50	13.50	13.00	13.25	13.00	13.00	11.50	12.88	12.50	12.50
Portugal	20.50	23.50	30.00	29.00	29.00	29.00	29.00	29.00	29.00	29.00	n.a.
Spain	17.04	19.00	20.85	14.36	14.11	14.29	13.68	13.73	13.71	13.57	13.75
Sweden	15.00	15.00	13.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50	14.50
Switzerland	8.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
United Kingdom	14.50	10.00	9.00	10.50	10.50	9.50	9.50	12.00	14.00	13.00	12.50
Australia	15.75	15.00	12.75	13.00	13.00	13.00	13.50	14.25	14.75	16.00	16.50
Japan	6.95	6.28	5.89	5.72	5.71	5.71	5.70	5.70	5.70	5.70	5.70
New Zealand	13.00	13.00	11.00	12.50	13.50	14.00	14.00	14.00	15.00	17.00	n.a.
South Africa	17.00	18.00	20.00	25.00	25.00	23.50	24.00	25.00	25.00	25.00	25.00
Argentina	92.60	109.50	188.58	280.00	330.00	295.00	390.00	295.00	290.00	325.00	395.00
Brazil	152.40	23.81	24.00	32.00	30.00	30.50	31.00	30.00	29.50	30.50	n.a.
Chile	61.43	85.19	35.11	35.58	78.75	95.33	79.56	58.04	58.40	n.a.	63.93
Hong Kong	16.00	10.50	13.50	14.00	12.00	11.50	11.00	10.00	10.00	9.50	9.00
Indonesia	19.25	22.00	19.75	31.50	26.00	23.50	23.50	22.50	22.50	23.50	23.00
Korea	16.50	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Malaysia	12.00	12.50	11.00	11.50	12.00	12.00	12.00	12.00	12.00	12.00	12.00
Mexico	31.81	46.12	56.44	50.60	49.34	48.31	47.54	47.17	47.33	49.36	51.93
Philippines	18.00	18.00	18.00	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Singapore	11.83	9.33	8.98	10.33	10.33	9.88	9.40	9.08	9.03	9.03	8.73
Taiwan	15.25	10.75	10.25	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Thailand	17.00	16.00	16.00	17.00	17.00	16.50	16.50	16.50	16.50	17.00	17.00
Venezuela	15.50	17.00	16.00	15.00	15.00	16.00	16.00	15.00	15.00	14.00	13.50

Domestic corporate bond yields

long-term issues, at or near end of month

	1981	1982	1983	1984				1985			
	Dec	Dec	Dec	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
United States	15.50	11.75	12.63	12.88	12.63	12.37	12.25	12.00	13.00	12.50	12.38
Canada	16.18	12.74	12.89	13.33	12.90	12.62	12.42	12.08	12.95	12.46	12.24
France	17.33	15.91	14.06	13.77	12.84	12.58	12.14	12.40	12.16	12.16	12.46
Germany	10.50	8.20	8.30	7.70	7.60	7.30	7.20	7.20	7.20	7.30	7.30
Netherlands	11.03	7.80	8.51	8.21	7.77	7.61	7.51	7.33	8.00	8.22	7.87
Norway	13.36	14.13	13.25	12.75	12.75	12.75	12.75	12.75	12.75	13.25	13.25
Spain	14.76	17.10	19.84	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Sweden	12.94	13.37	12.21	13.18	13.19	13.21	12.33	12.34	12.67	13.31	13.19
Switzerland	n.a.	5.80	4.92	5.09	5.17	5.09	5.09	5.06	5.16	5.24	5.14
United Kingdom	16.55	12.34	11.57	11.74	11.79	11.45	11.64	12.06	11.98	11.55	11.56
Japan	7.70	7.55	7.09	6.98	6.99	6.51	6.21	6.46	6.98	6.93	6.82
Korea	26.90	16.00	14.20	14.60	14.60	14.90	15.00	14.70	14.70	14.70	14.60
Venezuela	17.00	18.00	18.00	18.00	19.00	18.00	18.00	18.00	18.00	18.00	17.00

World Financial Markets

Published by
Morgan Guaranty Trust Company of New York
International Economics Department
23 Wall Street, New York, NY 10015

Member, Federal Deposit Insurance Corporation. Printed in U.S.A.